OPERATIONS

South African wines — en route to US — stay in UK

Westward ho! A funny thing happened to South African Chenin Blanc on its way to the U.S. market; it sold out in Great Britain.

The dreaded Chenin, a wine American distributors as well as restaurateurs are not always eager to handle, won't be part of the package being offered to American wholesalers, and that's good news for them as South African wines begin making their way here in time for autumn.

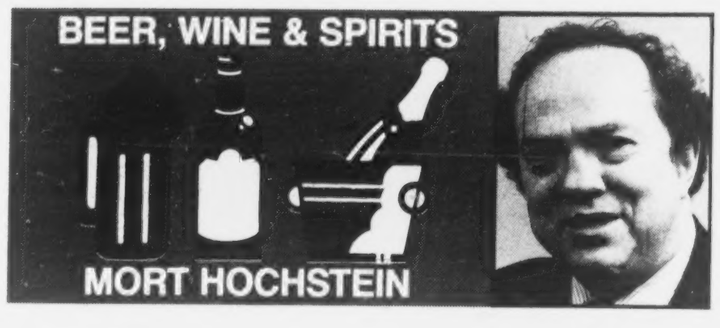
The South Africans, making their return to this country after long years in exile because of anti-apartheid sentiment, have modest goals, projecting sales of 75,000 to 100,000 cases through December 1993. By comparison, in the United Kingdom, which has much closer trading links geographically and historically, the goal is 1 million cases annually by 1995.

One importer, Cape Ventures, which imports South Africa's largest producer, KWV, will be bringing in 18,000 cases this fall. The South Africans have a lot going for them aside from the quality of their wines. The major factor in this market is price, and price stability.

The South Africans, profiting from Australia's pricing mishaps, have promised to freeze opening prices through the end of '93. The Australians, you will recall, thundered onto the U.S. market with good wine at low prices and had tremendous sales, which declined sharply when they raised their prices about 30 percent after less than two years of success. The shakeout left just a few strong brands available in the United States, where once there were dozens.

They are also quoting prices in dollars. European wines, for the most part, are listed in local currency, and with the dollar having shrunk about 10 percent in recent months, prices have been rocketing upward even in the face of shrinking demand.

From South Africa we'll be seeing Sauvignon Blanc, Chardonnay, Cabernet Sauvignon and the



unique South African wine Pinotage, a cross of Pinot Noir and Cinsault. You can also expect to see a lot of Port at the kind of price that permits a $4-by-the-glass seller, about $48 a case. South African tawnies, ruby ports and vintage-style Ports made from the true Portuguese grapes, can, as Hugh Johnson says, be "truly remarkable." Port is predicted to make up about one-third of the exports to the United States.

The nation's largest producer is KWV, a state cooperative, handling the production of five wineries. We'll be seeing KWV's basic Cape Country label, $40 to $48 a case; its Springbok, sort of a South African Stags Leap label, about $58 a case; and its top-of-the-line Cathedral Cellars label, about $108 a case.

South Africa's hot, dry, sunny climate — excellent weather during harvest season as well as favorable soil and mountainous microclimates — has ideal conditions for viticulture. The country is coming off three years of huge harvests, and 1991, possibly the most superior vintage of the past two decades, was the largest, some 9.7 million hectoliters, the equivalent of 90 million cases if it were all made into wine. Only the best, however, is used for wine, and about half goes for distilled spirits and grape juice concentrates.

* * *

Further westward: The California Barrel Tasting dinner, which has had a precipitous life on the East Coast since the Four Seasons discontinued the event several years ago, will be revived on Aug. 29 at San Francisco's Stanford Court Hotel. Fifty wineries will show off a 1991 barrel sample and an older vintage for comparison.The Stanford Court, through winemaster Joseph Nace, plans a much larger barrel tasting for '93 and will also be involved in the establishment of a Winemaker Hall of Fame . . . **Further south:** On Aug. 12 the Highlands Inn in Carmel, Calif., held what is, to my knowledge, the most expensive winemaker dinner ever. It'll be a $190-a-person bash, taxes and tips included, celebrating the wines of the Domaine de la Romanee Conti, with a six-course dinner prepared by visiting chef Jean-Louis Palladin and Highlands executive chef Brian Whitmer. Wines include an '87 Montrachet, a '55 Echezeaux, an '89 Romanee-St. Vivant and an '82 Richeborg . . . **Even further south:** Two top American sommeliers, Larry Stone of Charlie Trotter's, Chicago, and William Phillips of the Twenty-One Club, New York, will fly to Buenos Aires to compete in the world sommelier championships, Sept 3-4. It's the seventh time around for this every-third-year event.

WINE OF THE WEEK

1990 Georges Duboeuf Syrah Rose

With Beaujolais prices going up, master French winemaker Georges DuBoeuf has turned his attention to lesser regions of France, and one result is this striking Syrah Rosé from the Pays d'Oc. It's got a lovely pink color, more body than the usual rosé and a pleasing hint of tartness, all in good balance in a refreshing wine that works well with fish and lighter white meats. Duboeuf's quest also turned up an oak-aged Chardonnay and Merlot from the same district and a Gamay from the Ardeche. The Rosé is a great value at $48 a case.

SIDE DISHES

Yonkers City council to outlaw bikini-clad hot-dog sellers

YONKERS, N.Y. — The Yonkers City Council is becoming involved in a "coverup" by drafting a law forcing bikini-clad hot-dog vendors to put on a T-shirt and shorts.

"The hot-dog vendors are doing a brisk business," said Kris Gallina, chief of staff for Yonkers Council president Vincenze Restiano. "But there is quite a bit of rubbernecking, and the women are causing severe traffic problems."

Gallina said the vendors began appearing in the beginning of the summer, and irate women callers focused attention on the issue.

"The issue is not whether wearing a string bikini or baring one's breasts in public is a constitutionally acceptable manner of expression, but whether promoting the exposure of a person in order to sell hot dogs is appropriate," said Restiano in a statement. "I believe that the practice is dangerous to drivers and pedestrians who gawk at the hot-dog hawkers, potentially dangerous to vendors who may be scalded by hot water, unhealthy, unethical to the system of values we hope to teach our children, as well as extremely degrading to women.

"I would have the same objections to a male vendor sporting a bikini G-string," Restiano concluded.

Gallina added that a slew of "crazy tabloid television" shows have increased furor over the issue. "All they want to focus on is breasts and not the issue," she complained of the coverage.

In the Fort Lauderdale, Fla., area, competition has become fierce. A recent segment on the television show "Entertainment Tonight" profiled a hot-dog veteran who is known merely as "Wally" and uses a lifelike dummy dressed in a bikini to attract business.

When the going gets tough Parisians are getting friendlier

PARIS — This bastion of culture, haute cuisine and romance — known for its indifference and sometimes downright rudeness to foreigners — is going to charm school.

With its tourist trade weakened by a slumping economy, the Paris Chamber of Commerce has begun a new campaign to get Paris' tourist ambassadors, cab drivers, waiters and others to be friendlier to out-of-towners.

The campaign, "smile, everyone, smile," is being backed by French companies that rely on the tourism trade.

Cassettes, posters and bumper stickers have been distributed as part of the campaign. Imagine walking down the Champs-Elysés and hearing "Pardon, Etes-vous perdu?" (Excuse me, are you lost?)

NAME OF THE WEEK

I Love Juicy

Los Angeles

NRN reader Leon Gottlieb, a principal with the management consulting firm of Gottlieb & Associates, spotted this week's winning restaurant name at 7174 Melrose Ave. in Los Angeles. The restaurant, which features all vegetarian and vegan (non-dairy vegetarian) dishes, specializes in juices, lasagna, quiche, veggie burgers, salads and steamed vegetables.

If you spot a clever, funny or bizarre restaurant name, send it to Name of the Week, Nation's Restaurant News, 425 Park Ave., New York, N.Y. 10022.

Tuna remains king of the sea in Fisheries Institute ranking

ARLINGTON, Va. — The National Fisheries Institute recently issued a report that indicates tuna, thanks to its canned form, remained America's favorite seafood in 1991.

"The top four species of finfish and shellfish have remained essentially the same since 1987, when we first started tracking the top 10," said NFI executive vice president Lee Weddig.

"We can attribute the number four ranking of Alaska Pollock to its use as a raw ingredient in breaded seafoods as well as Surimi seafoods — popular value-added products often called imitation crabmeat, lobster and shrimp," he added. The top 10 species represent approximately 76 percent of the total 1991 per-capita consumption, which rose to 14.9 pounds last year.

The top 10 seafoods in order of consumption:

Species	Pounds per capita
1. Tuna	3.60
2. Shrimp	2.40
3. Cod	1.12
4. Alaska Pollock	0.99
5. Salmon	0.97
6. Catfish	0.77
7. Clams	0.58
8. Flatfish	0.38
9. Crabs	0.32
10. Scallops	0.25

QUOTABLE

"The three favorite things in the South are fried chicken, barbecue and iced tea."
— Bojangles' president Richard Campbell, explaining why fried chicken sustains popularity in spite of national nutritional concerns, especially in the South.

Entrepreneurial bug bites Russia's emerging capitalists

MOSCOW — Young Russian entrepreneurs here are selling everything from soft drinks to window delivery at the local McDonald's.

According to the Wall Street Journal, hundreds of *malenkie biznesmeni* (pint-sized businessmen) are swarming the streets since Russian president Boris Yeltsin's decree that selling anything on the streets is a legal form of barter. Outside McDonald's, young teens dart up to cars at Pushkin Square and charge 100 to 150 rubles to take the order and deliver it to the car. Unfortunately, many of the young capitalists are often forced to pay half of their profit or more to older thugs, who threaten to beat them up. According to the WSJ, guards who have been hired by McDonald's have been known to take a cut for letting the "grubby" youths pass through the line.

Compiled by Peter O. Keegan

Nation's Restaurant News

THE NEWSWEEKLY OF THE FOODSERVICE INDUSTRY

SECOND CLASS

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NRN Photo

Cafe Flora exec chef Jim Watkins, front, and co-founder and general manager Scott Glascock in the restaurant's dining room.

Meatless menu helps Cafe Flora bloom in Seattle

by Alan Liddle

SEATTLE — Meatless cuisine is going mainstream in a big way at Cafe Flora, a 96-seat neighborhood restaurant serving an average of 400 meals daily.

Located in the gentrifying Madison Valley area of Seattle, the 1-year-old Cafe Flora serves no meat, poultry, seafood or alcohol. Yet its bright and airy dining room, counter-area displays of produce and baked goods, and menu of foods such as wild mushroom stroganoff and curried eggplant with mangoes and tomatoes are attracting people of very different lifestyles.

"We're seeing people alter their diets for health reasons, en-

(See CAFE FLORA, page 4)

Seeking dinner lead, BK rolls table service

by Milford Prewitt

MIAMI — By launching evening table service systemwide, Burger King is storming for the lead in the quick-serve fight for dinner patrons.

But whether the bold strategy shift gives the chain the sales boost it is looking for remains to be seen.

A closely guarded corporate secret up until now, the new full-scale dinner menu and table-service rollout will give BK a leg up on its arch-rival, McDonald's, which recently sent its 2-year-old dinner menu test back to its laboratories for further refinement. McDonald's had been testing several dinner entrées, including pasta and roasted chicken.

"This is the first step in a long-term strategy of increasing Burger King's share of the dinner market," said Sidney Feltenstein, BK's executive vice president of brand strategy. "The quick-serve segment has lost market share at dinner, but we think BK has developed a way to increase our share of that business."

Burger King is attempting to lure evening diners with dinner table service.

Under the new format customers will still place their orders at the counter. But during the 4 p.m.-to-8 p.m. daypart, customers will take a seat in the dining room,where anemployee or a hostess will deliver the meal when prepared.

While customers are waiting, they will be given free bags of popcorn. Lighting will be reduced, and music will be piped into the dining room to create a more subdued ambience. Double-sided tray liners and cray-

(See BK, page 64)

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Franchise furor signals need for cooperation
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1993 forecast: Still no cause for celebration

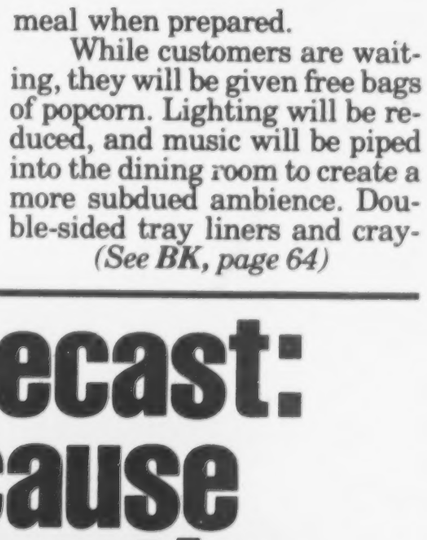
by Paul Frumkin

NEW YORK — Foodservice operators looking for a quick economic turnaround in 1993 are going to have to settle for one more year of lackluster and spotty growth, according to the industry's first major forecast for the year ahead.

The study, commissioned for the International Foodservice Manufacturers Association's annual Foodservice Forecast & Outlook Seminar here, indicated that foodservice sales in 1993 would continue to be dominated by a general lack of consumer confidence over the uncertain state of the economy.

IFMA predicted that total foodservice sales would increase by 1.8 percent, to $280.9 billion, in 1993. Those figures reflect a modest upturn from the 1992 projected increase of 1.4 percent, to $269.5 billion — adjusted for real 1992 data.

Total foodservice sales 1989-1993
(In billions)



* real change
Source: Technomic Inc.

But the 1993 projections

(See IFMA, page 65)

Operators fight for urban aid bill with eleventh-hour lobbying blitz

by Robin Lee Allen

WASHINGTON — With the hourglass nearly empty on this session of Congress, foodservice professionals converged here from across the country in a last-ditch effort to win votes for the urban-aid tax bill that carries two of the industry's favored provisions — the FICA tip tax credit and the targeted jobs tax credit.

Wearing bright red stickers touting "H.R. 11 — Now!" 380 restaurateurs and members of their state restaurant associations swept through Capitol Hill offices to drive home the message glued to their lapels.

The lobbying blitz was part of the National Restaurant Association's eighth Public Affairs Conference, an annual congregation of the NRA's grass-roots political coalition.

The measure, which grew out of an urban-aid bill introduced after the Los Angeles riots, was passed by the House in July and is now before the Sen-

(See INDUSTRY, page 65)

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NEWS BRIEFS

G/R Inc. emerges from Chapter 11 with new owner

NEW YORK — After 10 months in Chapter 11, Gilbert/Robinson Inc., franchisor of the Houlihan's and Darryl's dinner-house chains, has emerged from bankruptcy protection under the ownership of The Glazer Group.

According to a plan ratified in U.S. Bankruptcy Court here, Gilbert/Robinson Holding Corp. will be merged into Gilbert/Robinson Inc., and the common stock ownership will shift from N.Y.-based I & M Acquisition Corp. to The Glazer Group.

Led by financier Malcolm I. Glazer, the Palm Beach, Fla.-based investor group will directly and indirectly own 71 percent of the newly issued stock, while I & M Acquisition Corp. — which owned 94 percent of Gilbert/Robinson Holding — will own approximately 6 percent of the new stock.

Under the plan, all trade creditors and other general unsecured creditors receive 100 percent of their claims.

Perkins, Corky's launch barbecue joint-venture test

ORLANDO, Fla. — Perkins Family Restaurants, a 400-unit chain based in Memphis, Tenn., is launching a test concept here called Hog Wild Barbecue with Don and Barry Pelts, co-owners of the Memphis-based Corky's Bar-B-Que.

The concept will look like Corky's 8-year-old barbecue unit on Poplar Avenue, which has proved to be quite popular with Memphis tourists.

"We'll be doing an exact Corky's except for the name," said Barry Pelts, Corky's vice president. "We think we've got something hot."

Ownership terms were not disclosed. Nor did Pelts reveal how Perkins and Corky's will share operating responsibilities at the Hog Wild unit. The venture will open in September in Casselberry, Fla., north of Orlando.

Meanwhile, Corky's, which last month opened a unit in Jackson, Tenn., will follow in three weeks with a new barbecue location in Nashville. Corky's will put its fourth unit in suburban New Orleans also around the end of October.

Calif.'s governor mulls veto, new workers' comp bill

SACRAMENTO, Calif. — Gov. Pete Wilson has called a four-bill package of workers' compensation legislation a "phony" and "fig leaf" reform of the state's $11 billion system, leading to expectations he will veto the measures before a Sept. 30 deadline and call a special session of the California Legislature for revisions.

Assemblyman Burt Margolin, a Democrat from Los Angeles and co-author of the package, said the laws would save employers money by capping medical evaluations and vocational rehabilitation, require "fraud is a felony" warnings on workers' comp advertising, and allow employers to use HMOs for employee care.

However, officials of the California Chamber of Commerce, who have urged a Wilson veto, said their analysis shows the measures could cost employers an additional $300 million.

The governor also has until Sept. 30 to sign or veto a bill that requires insurance carriers in the state to offer small-group coverage at limited costs to any employer who applies regardless of the medical histories or perceived disease risks of their employees. The Margolin-sponsored bill is supported by many restaurateurs, who favor its caps on currently soaring health premiums.

Sales take sharp drop in August as menu prices continue to climb

WASHINGTON — Sales at the nation's eating and drinking places fell 5 percent in August on an annual unadjusted basis, the steepest drop in year-to-year sales volume comparisons for 1993, the U.S. Census Bureau said in its monthly retail sales report.

The sharp decline comes just one month after restaurant sales appeared to be rebounding in July, dropping just 0.1 percent on an annual, unadjusted basis, after falling 3.6 percent in June.

While sales fell in August, the rate of menu price inflation was unchanged from that of July — up just 1.7 percent for the second month in a row and a slight decline from the 2-percent annual increase recorded in June, according to the U.S. Labor Department's Consumer Price Index.

Overall, the CPI, the nation's leading gauge of the cost of living, was up 3.1 percent on an annual, unadjusted basis.

When August's 5-percent decline in sales is discounted further by the 1.7-percent increase in menu price, the figures suggest that customer traffic fell 3.3 percent last month, the second largest drop this year.

Meanwhile, wholesale food costs, as measured by the Producer Price Index's finished consumer foods category, recorded its eighth consecutive month of declining price levels although foods costs appear to be firming, the Labor Department added.

In August finished consumer foods fell just 0.1 percent on an annual unadjusted basis, after dropping 1.3 percent in July and 1.8 percent in June.

Despite the decline, several fruit and vegetable commodities were near record highs. Lettuce prices were up 113 percent, tomatoes were up 18 percent and strawberries were up 70 percent.

Meat prices were mixed, with beef and veal up just 2 percent, poultry down 2 percent and processed young chicken down 1.7 percent.

Atlanta operators unite against condom ordinance

ATLANTA — Operators here are lobbying to defeat an Atlanta City Council ordinance that would require restaurateurs and other liquor licensees to sell latex condoms either over the counter or in vending machines.

The ordinance — similar to one passed recently by the Boston City Council and later vetoed by the city's mayor — is opposed by the Georgia Hospitality & Travel Association.

"This thing would create a mess, and now there's a possibility it could become a statewide issue," said the GHTA's Lee Miller.

Labeling the ordinance a misconceived attempt to control the spread of AIDS, operators of family establishments said they resent the idea of making their rest rooms look like "truck stop" facilities.

"Why should children have to see condom machines in our rest rooms?" said Dante Stephenson of Dante's Down the Hatch, a dining and entertainment concept in Buckhead and Underground Atlanta.

The condom ordinance comes up for vote next month.

President Baking buys Famous Amos

ATLANTA — President Baking Co., a distributor of such brands as Little Brownie Bakers, Plantation and Olde New England, has acquired the Famous Amos Chocolate Chip Cookie Corp. from the Shansby Group for $60.6 million.

The San Francisco-based Famous Amos, which is expected to generate about $75 million in sales this year, said it would retain its existing employees and management.

Karas resigning as Rax chairman

DUBLIN, Ohio — Donald Karas has stepped down as chairman of the 300-unit Rax Restaurants based here.

Karas, who spearheaded the purchased of Rax by an investor group, said he is leaving to head up the expansion of a casual steak concept, Santa Fe Steak House, which is expected to open its second unit in Columbus later this fall. He has also formed a partnership with Cincinnati restaurateur Carl Bruggemeier to expand his casual popular Italian operation, Ciao, Baby.

Karas is also opening Silverado, a Southwestern restaurant, in New York later this year with chef Richard Krause.

He will retain his position on the Rax board of directors.

Pepsico hits the books with 3-in-1 school outlet

(Continued from page 3)

the high-fat content and PepsiCo's marketing clout might overshadow the role of nutrition in school lunches.

"I'm worried that they will not be getting enough fruits and vegetables because it's mostly protein and carbohydrates," said Susan Magrann, a registered dietitian who is working on a three-year government program applying the "nutrition triangle" to school lunch programs.

"Schools must offer healthful choices, and I don't see Taco Bell as a healthful choice; those foods tend to be on the higher fat side."

When told that there were healthful choices available, such as free fruit and a salad bar, she said: "I'm hoping that the other choices are as attractive and are being promoted as heavily as the PepsiCo items. My concern is how the students are balancing out the meals. Teens can eat this stuff every other day if they are balancing it out with other nutritional meals."

Caldwell said he would work with Taco Bell to possibly develop new foods for the program if it is expanded throughout the school system. "I would like to see a vegetable taco and a grilled skinless chicken breast sandwich," Magrann remarked.

Caldwell believes that there is a myth that fast food is unhealthful and said he has gone to great lengths to select a nutritious menu for the school. "PepsiCo is leading the fast-food industry by being more responsive to dietary needs," Caldwell noted. "We have had no calls or complaints, and our contacts with parents and teachers has been very positive. This is what the kids want."

He also pointed out that the interest on the part of private enterprise could ease the increasing burden on school foodservice administrators to work with tighter budgets and strict guidelines.

"Taco Bell's new-concepts division was looking for a school district to develop a pilot program which, if successful, will be rolled out to other schools," Caldwell said. "It's a marriage of public and private enterprise and is a direction we need to move in in the future."

In effect, the San Juan Capistrano School district becomes a Taco Bell licensee. But Taco Bell, which is based in nearby Irvine, Calif., conducts much of its product testing in the area and will be monitoring the project as it evolves.

Taco Bell pays royalties to sister PepsiCo companies Pizza Hut and KFC, but the structure is different from normal franchise fees.

Housing 2,200 high-school students, the campus is closed, meaning that students cannot leave the grounds at lunchtime. During students' half-hour lunch period, they can pick up boxed items from the L-shaped counter and pay for them at four cash registers — or at two walk-away windows — and eat in a common dining room or outside.

"We've taken out the cafeteria system and remodeled the whole place," Caldwell said. "Taco Bell helped to fund the equipment for the transition." The school had its foodservice workers trained by Taco Bell, KFC and Pizza Hut, and they work alongside 14 PepsiCo employees, all wearing company uniforms.

The difference between this program and those of the other 1,700 schools that Taco Bell services is that the food is prepared on premises. The school, which previously rolled in carts of branded foods, continues to offer sandwiches, hamburgers, a salad bar and frozen yogurt — with an average ticket between $1.50 and $2.

Another concern Magrann voiced about the new PepsiCo food court is its involvement with the National School Lunch Program. The U.S. Department of Agriculture does give school lunch patterns to be followed, such as meats, vegetables, fruits, bread and milk but does not outline fat, salt or sugar contents.

"There are recommendations about fat content, but there are no hard or fast requirements," said U.S.D.A. spokesman Phil Shanholtzer, adding that he is seeing more instances of fast feeders and contractors entering school foodservice. "But we are working with schools to lower those quotients."

Magrann said she's concerned that while most students ate the Pepsico products, N.S.L.P. students might be left out.

Not so, said Caldwell, who explained that the combo burrito, plain burrito and pepperoni personal pan pizza are reimbursable under the program. "On some products the dollars just aren't there," he added, noting that 10 percent of the Capistrano Valley High School students receive free or reduced lunches.

Caldwell said that the school district was looking at a couple of programs whereby students could work at the Taco Bell food court as part of regional occupancy programs — thus enabling them to get hands-on fast-food training.

Caldwell explained that in the first few days the food court was open the students were extremely enthusiastic, and that record sales were achieved. "We hope to roll out something like this as soon as possible," he said. "By the end of the year we'll know whether it could be feasible throughout the district."

IFMA's 1993 forecast: Still no cause for celebration

(Continued from page 1)

may already prove to be a bit too optimistic, declared Ronald Paul, president of the Technomic Inc., the Chicago-based research company that compiled and presented the IFMA forecast.

Paul pointed out that the most recent economic indicators to come out of Washington could help to drive those sales numbers even lower. "We expect some modest growth, but 1993's numbers may turn out not to be as good as '92's," he said. "The economy has bottomed out, but it's not going up. And we don't see any sign of a strong recovery."

Paul said that unemployment fears were largely responsible for fueling the widespread lack of consumer confidence. According to Technomic, initial jobless claims were up 20,000 for July — employment as a whole was off by 0.3 percent for the same period — while the consumer confidence index barely hit the 58-percentile mark in August.

One bright spot, however, was a 0.5-percent hike in disposable personal spending — a key economic gauge — for July.

For the short term, though, this is not likely to contribute to a dramatic hike in sales within the foreseeable future. "Dining occasions are not down. They're holding steady," Paul noted. "But consumers seem to be trading down in what they're willing to spend. And we'll probably continue to see that pattern until they begin to regain confidence."

According to the Technomic researchers, the commercial foodservice segment is projected to fare somewhat better than its non-commercial counterpart in 1993. Total sales for all commercial operations are expected to rise 2.9 percent, to $205.4 billion, in 1993, compared with an overall non-commercial hike of 0.9 percent, to $75.6 billion, for the same period.

The generally sunnier predictions for the commercial sector are largely due to stronger sales in the quick-service and casual full-service chains. The researchers predicted that quick-service companies would generate $87.2 billion in sales for 1993, up 3 percent over 1992 figures.

"Consumers are responding to value and convenience," Paul said.

Moreover, quick-service chains are luring patrons by offering a greater number of items than ever before. "Fast feeders are engaged in a 'food fight' as new product tests and launches increase," said Anne Gaertner, an associate with Technomic.

But the real bright spot continues to be among the casual full-service chains, such as Applebee's, Olive Garden, Chili's and Longhorn Steaks. For the second quarter of 1992, the 29 chains tracked by Technomic reported an aggregate 17.4-percent leap in revenues, to $1.3 billion, over the same period for 1991. Net income for the same period skyrocketed 37.4 percent, to $68.3 million.

"These chains are absolutely delivering what the customer wants for the evening meal period," Paul said. "They offer value, they're casual, they have a variety of menu items and they're kid-friendly."

At the same time many of the full-service chains continue to invade the midscale market once dominated by independents. "There is a lot of growth potential for chains in this market, and companies like Chili's and Olive Garden are making inroads," said Technomic's vice president, David Bekermeier.

The non-commercial sector continues to lag behind the commercial segment — largely a result of budget cuts and a dwindling pool of customers in certain areas. However, operators are responding through a series of programs, including aggressive promotions and cutting labor costs by adding more self-service operations.

"Operators want to trim labor costs but don't want to risk alienating patrons," Bekermeier said.

At the same time non-commercial operators will continue to form "strategic alliances" with such chains as McDonald's, Pizza Hut and Taco Bell to add branded outlets to their operations.

In fact, the number of branded retail outlets in non-commercial operations is expected to grow by 20 percent to 30 percent annually over the next three to five years, according to the forecast.

Ironically, prison feeding is expected to be a "boom market" for foodservice in the coming years, said Nancy Kruse, principal associate with Technomics. The combined federal and state prison population is expected to double, to 1.6 million inmates, by the year 2000, according to the American Correctional Association.

As a result of profound global changes and heavy budget cutting in Washington, foodservice sales in the military sector will continue to plummet. Total sales are expected to drop 5 percent, to $3.1 billion, in 1993 after a projected 6-percent decline in 1992.

Foodservice sales at colleges and universities are expected to remain flat for the third year in a row, partially as a result of declining full-time enrollment.

The baby "boomlet" is expected to start feeding some new consumers into the primary-and-secondary-school sector and hiking sales by 1.5 percent, to $10 billion, in 1993.

Industry fights for urban aid bill with 11th-hour lobbying blitz

(Continued from page 1)

ate. It is expected to see action before Congress adjourns in October, but its future is uncertain during an election year that has heightened partisan sparring.

Relieving the impact of the FICA tip tax "has been our No. 1 priority for the last couple of years," said Mark Gorman, the NRA's senior director of government affairs. "We need to have this passed. Otherwise, we'll have to wait until a new bill is introduced next year when there will be 150 new members of Congress to educate."

Viewed as a grenade lobbed directly at the restaurant industry, the FICA tip tax — which mandates that Social Security taxes be collected on all servers' tips — went into effect in 1988. Previously, Social Security taxes were collected only on the portion of tips that satisfied minimum wage requirements, a figure that under the Fair Labor Standards Act could not exceed $2.12.

Industry employers have argued vehemently that it is unfair for them to pay Social Security taxes on servers' total tips when only a portion of those tips are considered wages under federal law and that employers have no control over the amount of tips collected.

If the urban-aid tax bill is passed in its current form, its tip tax provision would create a credit toward income taxes for FICA taxes paid on tips that exceed the $2.12-per-hour cap. The NRA estimates this credit could save the industry $1.5 billion in income taxes over five years.

Restaurateurs have been further outraged by the policing role forced on them as the Internal Revenue Service steps up its audits of the industry in an attempt to recoup taxes on tips underreported by employees.

"I have to keep track of tips, and I don't like that," said Joe Sestito of Tiffany's Continental in Fairmont, W.V. "I like to smile and be friendly. And I think [that tips are] personal."

Prompted by his displeasure with the FICA tip tax, Sestito launched his own lobbying campaign using "the tactics of hospitality" to win the support of Sen. John D. Rockefeller, D-W.V.

He invited Rockefeller, 15 industry peers and some NRA members to his restaurant and persuaded Rockefeller to announce that he would fight to repeal the tax. Sestito has since named a strawberry daiquiri special after the senator.

Similarly, the Louisiana Restaurant Association was instrumental in persuading Sen. John Breaux, D-La., to co-sponsor the tip tax provision.

"The Louisiana Restaurant Association issue was the right issue," he explained. "They are friends with the Louisiana delegation, and politics is people."

The urban-aid tax bill also includes a provision to extend TJTC, which expired June 30. TJTC provides a 40-percent tax credit on first-year wages up to $6,000 paid to employees who fall into economically and otherwise-disadvantaged groups. The House voted in July to extend TJTC permanently and restore economically disadvantaged 23- and 24-year-olds to the list of targeted groups.

The Senate version of the bill would extend TJTC for only 18 months and, in addition to restoring 23- and 24-year-olds to the target list, also adds the long-term unemployed and residents of enterprise zones to the list.

Members of the lobbying contingencies said they were greeted more warmly than during past conferences by congressional representatives humbled by widespread anti-incumbent sentiment. But many were not comforted by what they heard concerning N.R. 11's prospects.

Many congressmen said they were not optimistic about the bill's passage this year. Others said they feared it would be pared down, removing many of the controversial piggy-backing tax amendments. In such a case the FICA tip tax credit and TJTC could wind up in the pending energy bill, leaders suggested.

On the brighter side, several lobbying restaurateurs noted that many congressional leaders are adopting friendlier attitudes toward small business and its concerns — such as mandated health benefits and family leave.